GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:107
ANSWERED ON:01.08.2005
AMENDMENT TO A.P.M.C. ACT
Ahir Shri Hansraj Gangaram

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Union Government has directed the State Governments to amend Agricultural Produce Marketing Regulations Act (A.P.M.C. Act.);

(b) if so, the details thereof;

(c) whether consequent upon the proposed amendments A.P.M.C. will have to compete with private investors;

(d) if so, whether the Government are taking remedial steps to keep A.P.M.C. in competition; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION(DR. AKHILESH PRASAD SINGH)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 107 DUE FOR REPLY ON 1ST AUGUST, 2005.

(a)&(b): Under the existing Agricultural Produce Marketing Regulation Act (APMC Act), State Government alone is empowered to initiate the process of setting up of markets for agricultural commodities in notified areas. Processing industry can not buy directly from the farmers. The farmer is restricted from entering into direct contract with any manufacturer as the produce is required to be canalized through regulated markets. These restrictions are acting as a disincentive to farmers, trade and industry. An Inter-Ministerial Task Force in its report of 28.06.2002 has, as a measure of reforms in agricultural marketing sector, recommended to amend the State APMC Act to promote competitive agricultural markets in private and cooperative sectors, direct marketing and contract farming programmes.

The recommendations of the Task Force were discussed with the State Governments. The State Governments expressed the view that reforms in the agricultural marketing sector were necessary to move away from a regime of controls to one of regulation and competition. In view of liberalization of trade and emergence of global markets, it was necessary to promote development of a competitive marketing infrastructure in the country and to bring about professionalism in the management of existing market yards and market fee structure. For this, there was a need to formulate a model legislation on agricultural marketing. The Ministry of Agriculture, accordingly, formulated a model law on agricultural marketing in consultation with the State Governments and circulated it to all the States for the implementation of the suggested reforms. The Model law was discussed at the National Conference of State Agriculture Ministers on 7th January, 2004 and again on 19th November, 2004. All the States in general agreed to bring suggested changes in their respective APMC Act.

(c): The aim of the reform in the agricultural marketing sector is to develop alternative competitive markets in private and cooperative sectors so as to provide freedom to farmer to sell his produce in the market providing better prices and services. Consequent to the amendment, several alternative marketing channels would be available to farmers to go for direct marketing or contract farming or sell it at the warehouse on the strength of godowns receipt, without the necessity of going through licensed traders and regulated markets. Regulated markets will, therefore, have to improve their services in order to attract farmers to the regulated yards.

(d)&(e): The Government is encouraging a regulated marketing regime, where there is fair competition, so that the farmers can gain from the options available, and take their produce to centres that offer the best price and services.